



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 22, 2013

Certified Return Receipt
7011 0110 0001 3568 0963

Lexon Insurance Company
10002 Shelbyville Road, Suite 100
Louisville, Kentucky 40223

Subject: Authorization for Full Release of Reclamation Surety, Policy # _____, Hecla Mining Company, Escalante Silver Mine, M/021/0004, Iron County, Utah

Dear Sir or Madame:

Lexon Insurance Company is holding surety bond # _____ for the benefit of the State of Utah, Division of Oil, Gas and Mining, and the U. S. Department of the Interior, Bureau of Land Management, as a form of reclamation surety for Hecla Mining Company's Escalante Silver Mine. Site inspections have verified that all reclamation work has been completed satisfactorily. This letter authorizes the full release of this surety. The BLM has concurred with this action. Enclosed is the original surety document for your disposal.

If you have any questions or concerns, please contact Dana Dean at 801-538-5320, or Paul Baker at 801-538-5261. Thank you for your help in this matter.

Sincerely,

John R. Baza
Director

JRB:lk:pb

Attachment: Original Surety Document

cc: Paul Glader, Hecla Mining Co.
Ed Ginouves (eginouves@blm.gov)
Opie Abeyta (oabeyta@blm.gov)

P:\GROUPS\MINERALS\WP\M021-Iron\M0210004-Hecla\Final\BREL-5298-04192013.doc



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P:\GROUPS\MINERALS\WP\M021-Iron\M0210004-Hecla\Final\BREL-5298-04192013.doc

May 24th, 2006

Bond Number
 Surety NAIC No. 13307
 Permit Number
 Mine Name Escalante Silver Mine

ATTACHMENT A
To
RECLAMATION CONTRACT
BETWEEN PRINCIPAL AND DIVISION

STATE OF UTAH
 DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
 1594 West North Temple Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801
 Telephone: (801) 538-5291
 Fax: (801) 359-3940

THE UTAH MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned Hecla Mining Company, as Principal,
 a Corporation organized under the laws of the State of Delaware and
Lexon Insurance Company, as Surety,
 a Corporation organized under the laws of the State of Texas,
 hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns,
 jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining ("Division")
 and U. S. Department of the Interior, BLM
 (other agency, if any) in the penal sum of Forty-Two Thousand Seven Hundred Fifty-Six and 00/100
 dollars (\$ 42,756.00).

This Surety Bond is provided to secure the obligations of the Principal, as set forth by the terms
 and conditions of the Reclamation Contract, and any addendums thereto, to reclaim lands that will be
 affected by mining operations as identified in the Notice of Intention received, or approved if applicable,
 by the Division on the day of , 20 .

The lands that are covered by this Surety Bond are the Lands Affected by mining
operations as defined and described in the above Notice, and the Mining and Reclamation
Plan if required, subject to terms and conditions of the Reclamation Contract.

The condition of this obligation is that if the Division determines that Principal has satisfactorily
 reclaimed the disturbed lands in accordance with the Mining and Reclamation Plan or Notice and has
 faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules

and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect. Failure of the Principal to fulfill the obligations specified by the Mined Land Reclamation Act and the Rules adopted there under, and in accordance with the specification of the Principal's Mining and Reclamation Plan or Notice, may result in forfeiture of this bond in accordance with the applicable statutes and regulations.

If the Mining and Reclamation Plan or Notice provides for periodic partial reclamation of the lands affected, and if the lands are reclaimed in accordance with such Plan or Notice, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond. In the converse, if the Mining and Reclamation Plan or Notice provides for a gradual increase in the lands affected or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety. The amount of reclamation surety may also be adjusted as a result of a periodic review by the Division, which shall take into account inflation/deflation based upon an acceptable Costs Index, or at the request of the operator.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Written notice to the Division and Principal as required by this paragraph shall be provided by certified mail or by a courier service that provides proof of delivery by signature of the recipient. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

Surety is licensed to do business in Utah and is rated by A. M. Best as A- or better or rated as having Financial Performance Rating (FPR) of 8 or better, and is listed in the U. S. Department of Treasury's Circular "570." Upon incapacity of the Surety by reason of bankruptcy, insolvency, or suspension or revocation of its license, or upon failure to maintain the A. M. Best or FPR rating and listing on Circular "570", Principal shall be without adequate bond coverage as required by the Division and shall have 120 days after notice to replace the bond with other bonds acceptable to the Division. If the Principal does not replace this surety bond as required, the Division may order cessation of mining operations and commence actions to enforce its rights against the Surety. The Surety's liability shall continue and the Surety will remain fully liable for all reclamation obligations of the Principal incurred until this surety bond is forfeited, or the conditions of this obligation have been satisfied.


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Attachment A
(revised May 24, 2006)

Bond Number
Surety NAIC No. 13307
Permit Number
Mine Name Escalante Silver Mine

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Hecla Mining Company
Principal (Permittee)

James A. Sabala, Sr. Vice President + CFO
By (Name and Title typed):


Signature

April 1, 2009
Date



Surety Company

Lexon Insurance Company

10002 Shelbyville Rd., Suite 100

Surety Company Name

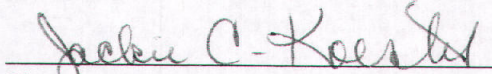
Street Address

Jackie C. Koestel
Surety Company Officer

Louisville, KY 40223
City, State, Zip

Attorney-in-Fact
Title/Position

502-636-9191
Phone Number


Signature

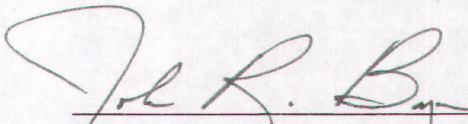
March 26, 2009
Date

Page 4
MR-5
Attachment A
(revised May 24, 2006)

Bond Number
Surety NAIC No. 13307
Permit Number
Mine Name Escalante Silver Mine

SO AGREED this 13th day of April, 20 09.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:



John R. Baza, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

Bond Number _____
Surety NAIC No. 13307
Permit Number _____
Mine Name Escalante Silver Mine

On the 26th day of March, 2009, Jackie C. Koestel
 personally appeared before me, who being by me duly sworn did say that he/she, the said
Jackie C. Koestel is the Attorney-in-Fact of
Lexon Insurance Company and duly acknowledged that said instrument was signed on
behalf of said company by authority of its bylaws or a resolution of its board of directors and said
Jackie C. Koestel duly acknowledged to me that said company executed the same,
and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is
authorized to execute the same and has complied in all respects with the laws of Utah in reference to
becoming sole surety upon bonds, undertaking and obligations.

Title: Attorney-in-Fact

Subscribed and sworn to before me this 26th day of March, 20 09

My Commission Expires:

May 27, 20 09

POWER OF ATTORNEY

LX - 54130

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that **LEXON INSURANCE COMPANY**, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

Brook T. Smith, Kathy Hobbs, Raymond M. Hundley, Jason D. Cromwell, James H. Martin, ****

Sandra F. Harper, Myrtie F. Henry, Julie Radican, Virginia E. Woolridge, Deborah Neichter, Jill Kemp, Jackie C. Koestel, Sheryon Quinn **

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **LEXON INSURANCE COMPANY** on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$2,500,000.00, Two-million five hundred thousand dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **LEXON INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 2nd day of July, 2003.

**LEXON INSURANCE COMPANY**

BY

David E. Campbell
President

ACKNOWLEDGEMENT

On this 2nd day of July, 2003, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **LEXON INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/09

Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Secretary of **LEXON INSURANCE COMPANY**, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 26th Day of March, 2009.



Donald D. Buchanan
Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Color Country District Office

Cedar City Field Office

176 East DL Sargent Drive

Cedar City, UT 84721

Telephone (435) 586-2401

www.blm.gov/ut/st/en/fo/cedar_city.html



RECEIVED

APR 19 2013

DIV OF OIL GAS & MINING

April 16, 2013

In Reply Refer To:

UTC01

3809: UTU-67116

Mr. Paul L. Glader
Corporate Environmental Director
Hecla Mining Company
6500 Mineral Drive, Suite 200
Coeur d'Alene, ID 83815-9408

Dear Mr. Glader:

This responds to your letter of April 5, 2013, requesting reclamation and final surety release for the Escalante Silver Mine, Iron County, Utah. The mine and mill operations are covered by Division of Oil, Gas and Mining large mine permit M/021/004; those disturbances in the permit area falling on BLM managed lands, principally the mill tailings impoundment area, are authorized through BLM plan of operations UTU-67116.

Reclamation of the mill tailings impoundment area was carried out in 1995 and acceptable re-vegetation of the area was nearly achieved in 1999. Unfortunately, in late May 1999, during a routine inspection of the site, BLM discovered occurrences of Diffuse Knapweed in the impoundment area. BLM notified Hecla shortly thereafter and subsequent correspondence between Hecla and BLM discussed both a Hecla-funded, BLM-managed perpetual treatment fund and a Hecla inspection and spraying plan. Hecla chose the latter plan with the release standard of three consecutive knapweed-free years after the removal of the last plant. Since 1999, BLM and Hecla have carried out annual inspections and Hecla has conducted annual sprayings of found plants. Although great progress has been made towards the goal of eradication and all other reclamation liabilities have been met, BLM's most recent inspection in 2012 still found small numbers of the noxious weeds.

As it is uncertain when full eradication of the knapweed will be achieved, Hecla re-considered funding a BLM-managed weed treatment fund, with the BLM requesting \$7,500 from Hecla for the fund. With the receipt of these funds through your letter, BLM now authorizes the Division to release any remaining bond monies specific to BLM-managed lands in the permit area. Hecla is also released from any reclamation liability for the BLM lands included in this project and any right to enter and conduct disturbance under the plan of operations is terminated.

If you have any questions, please feel free to contact Ed Ginouves directly at 435-865-3040.

Sincerely,

Elizabeth Burghard
Field Office Manager

cc: Lynn Kunzler, DOGM (M/021/004, Escalante Mine)
Opie Abeyta, UT-924